The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd

HIGH COURT (PULAU PINANG) — SUIT NO 22-395 OF 1989
ABDUL HAMID MOHAMAD J
25 JUNE 1999

Trade Marks *— Passing off — Misrepresentation — Display of ingredients on label — Product contains Scotch Whisky besides other ingredients — Label emphasizes Scotch Whisky content — Whether misrepresentation — Probability of damage to goodwill or reputation of Scotch Whisky — Whether quantum of loss of direct sale of Scotch Whisky must be proved*

The first plaintiffs were established with the object of protecting and promoting the interests of Scotch Whisky trade generally both in Scotland and elsewhere. The second plaintiffs were the members of the first plaintiffs and carried on business as distillers, blenders and exporters of Scotch Whisky being spirits distilled in Scotland. The second plaintiffs had distilled and blended Scotch Whisky and had extensively advertise, offered for sale and sold the same under the description 'scotch whisky' and other indications of Scottish origin throughout the United Kingdom and in most countries of the world including Malaysia. By reason of its intrinsic quality and the sales and promotion, Scotch Whisky has become widely known throughout the world including Malaysia and has acquired considerable reputation and goodwill. The defendants carried on the business of processors and bottlers of liquor in Seberang Perai, Butterworth. The plaintiffs claimed that the defendants were damaging the trade, goodwill and interests of members of the first plaintiffs including those of the second plaintiffs and were causing them to suffer irreparable loss and damage by selling or offering to sell in Malaysia spirits which were not Scotch Whisky labelled in such a way as to suggest that they were Scotch Whisky, ie whisky distilled and matured in Scotland. By reason of the offending activities of the defendants, the defendants had also caused to be passed-off their spirits which were not distilled and matured in Scotland as and for Scotch Whisky. The defendants submitted that they were merely complying with the requirement of the local laws, inter alia, the Food Regulations 1985 in particular reg 385(1) which stipulates that no word or words shall be conjoined with whisky except those words which denote the source of the product and place of manufacture or brand. It was submitted that since the whisky of the defendants come from Scotland, the defendants' use of the word 'Scotch' before the word 'Whisky' is permissible under reg 385(1). The plaintiff emphasized that they were not suggesting that the word 'Scotch Whisky' should not appear at all in the labelling. If a locally produced product contained some Scotch Whisky, it was proper that the label be able to indicate that fact, but it should also indicate that the product also contained other alcohol. The plaintiff thus prayed for an injunction to restrain the defendants

from doing anything calculated to lead to the passing-off as and for Scotch Whisky of a product that consisted of or included spirits that were not whiskies distilled and matured in Scotland by the use in connection therewith of advertising, or marks, or devices or wording or labelling and get-up with visual representations and/or particulars that were evocative of Scotland and/or bearing Scottish connotations.

Held, allowing the application:

(1) It was clear that some of the defendants' products were not Scotch Whisky because of the addition of local alcohol. Thus, they should not be called 'Scotch Whiskey'. Regarding other products where only distilled water and caramel were added, the defendants may use the words 'Scotch Whisky' but how it should be displayed is another matter (see pp 295H–296A).

(2) Even though the final product of the defendants were not Scotch Whisky, as the source of the product of the defendants was not Scotland but Malaysia, as the defendants' product contained 'Scotch Whisky', it was not objectionable if the defendants were to state on their labels that their product contain Scotch Whisky besides local whisky. But it was the way it was done that was objectionable. The defendants displayed the words 'Scotch Whisky' and 'Imported Scotch Whisky, distilled in Scotland under the British Government supervision' so boldly and prominently compared to the tiny print of: 'Ramuan: Air, Alkohol, Wiski yang diimport dan karamel'. Indeed, the words 'distilled in Scotland under the British Government supervision' were completely unnecessary for the purpose of complying with the local laws. Further, 'Alkohol' was not stated to be local alcohol. It was very clear that the way it was done was not for the purpose of complying with the local law, but to wrongly take advantage of it to portray the defendants' product as Scotch Whisky in order to take advantage of Scotch Whisky's goodwill and reputation (see pp 300G–301E).

(3) Looking at the label of the defendants' products, it was clear that the defendants were emphasizing the words 'Scotch Whisky' and the words 'Imported Scotch Whisky, distilled in Scotland under the British Government supervision'. There was no doubt whatsoever that the defendants were trying to pass their products as Scotch Whisky from Scotland, which they were not. There was also no doubt that the defendants knew of the goodwill of Scotch Whisky and tried to cash on it. In other words, the defendants misrepresented their products that were not Scotch Whisky as Scotch Whisky and it was likely to lead the public to believe that the defendants' products were indeed Scotch Whisky. It was calculated to deceive the public (see p 302B–D).

(4) It was not necessary for the plaintiff to prove precisely how much they had suffered in terms of loss of direct sale of Scotch Whisky

in the country as a result of the defendants' product being sold in the market. It was sufficient if it was shown that there was a probability of damage to the goodwill or reputation of Scotch Whisky. In the circumstances of the case, it was probable, indeed likely, that the general public might be mistaken into thinking that they were buying real Scotch Whisky when in fact they were not. If locally produced whiskies were widely sold as Scotch Whisky and it became known to the public, the meaning of Scotch Whisky will be diluted. It might eventually become generic to the detriment of real Scotch Whisky producers, like the second plaintiffs. The first plaintiffs too as an association formed to protect the Scotch Whisky trade would lose credibility in the eyes of its members and would-be members and suffer loss of income in the form of subscription from its members (see pp 302G–H, 303A–C).

[Bahasa Malaysia summary

Plaintif-plaintif pertama telah ditubuhkan dengan tujuan untuk melindungi dan mempromosikan hak-hak perniagaan Scotch Whisky secara umumnya di Scotland dan lain-lain tempat. Plaintif-plaintif kedua merupakan ahli-ahli plaintif-plaintif pertama dan menjalankan perniagaan sebagai penyuling, pengisar dan pengekspot Scotch Whisky yang merupakan minuman spirit yang disuling di Scotland. Plaintif-plaintif kedua telah menyuling dan mengisar Scotch Whisky dan telah secara meluas mengiklan, menawarkan jualan dan menjual yang sama di bawah pemerian 'scotch whisky' dan apa-apa tanda lain yang berunsur Scottish ke seluruh United Kingdom dan di kebanyakan negara di dunia termasuklah Malaysia. Disebabkan oleh mutu intrisik dan jualan dan promosi, Scotch Whisky telah diketahui secara meluas di merata dunia termasuklah Malaysia dan telah memperoleh kedudukan yang penting dan nama baik. Defendan-defendan telah menjalankan perniagaan sebagai pemproses dan pembotol minuman arak di Seberang Perai, Butterworth. Plaintif-plaintif telah menuntut bahawa defendan-defendan telah merosakkan perniagaan, nama baik dan kepentingan-kepentingan ahli-ahli plaintif-plaintif pertama termasuklah plaintif-plaintif kedua dan telah menyebabkan mereka mengalami kehilangan dan kerosakan yang tidak boleh diperbaiki dengan menjual atau menawarkan jualan di Malaysia minuman spirit tersebut yang bukanlah Scotch Whisky yang telah dilabelkan sedemikian rupa sehingga mencadangkan bahawa ia adalah Scotch Whisky, ie wiski yang telah disuling dan dimatangkan di Scotland. Disebabkan oleh aktiviti-aktiviti yang menyinggungkan oleh defendan-defendan tersebut, defendan-defendan tersebut juga telah menyebabkan kelirupan minuman spirit mereka yang tidak disuling dan dimatangkan di Scotland sebagai dan untuk Scotch Whisky. Defendan menghujahkan bahawa mereka hanya mematuhi dengan keperluan undang-undang tempatan, antara lain, Peratura-Peraturan Makanan 1985 terutamanya peraturan 385(1) yang

mensyaratkan bahawa hendaklah tiada perkataan atau perkataan-perkataan digabungkan dengan wiski kecuali perkataan-perkataan yang menunjukkan asal dan tempat dibuat atau jenis produk tersebut. Ia telah dihujahkan bahawa memandangkan wiski defendan-defendan berasal dari Scotland, penggunaan defendan-defendan perkataan 'Scotch' sebelum perkataan 'Whisky' adalah dibenarkan di bawah peraturan 385(1). Plaintif telah menekankan bahawa mereka tidak mencadangkan perkataan 'Scotch Whisky' sepatutnya tidak timbul langsung di dalam pelabelan. Jika suatu produk hasil tempatan mengandungi sedikit Scotch Whisky, adalah betul sekiranya label tersebut boleh menunjukkan fakta tersebut, tetapi ia juga hendaklah menunjukkan bahawa produk tersebut juga mengandungi alkohol lain. Plaintif dengan itu telah memohon suatu injunksi untuk menyekat defendan-defendan daripada membuat apa-apa yang boleh dikira sebagai kelirupan sebagai dan untuk Scotch Whisky terhadap suatu produk yang mengandungi atau terdapat minuman spirit yang merupakan wiski yang tidak disuling dan dimatangkan di Scotland melalui pemakaian berhubung dengan pengiklanan, atau tanda-tanda, atau lambang-lambang atau perkataan atau pelabelan dan hiasan dengan persembahan-persembahan visual dan/atau keterangan-keterangan yang berunsur Scotland dan/atau mengandungi konotasi berunsur Scottish.

Diputuskan, membenarkan permohonan tersebut:

(1) Adalah jelas bahawa beberapa produk-produk defendan-defendan tersebut bukanlah Scotch Whisky kerana kandungan tambahan alkohol tempatan. Oleh itu, mereka sepatutnya tidak dipanggil 'Scotch Whisky'. Berhubung dengan produk-produk lain di mana hanya air suling dan karamel ditambahkan, defendan-defendan boleh menggunakan perkataan-perkataan 'Scotch Whisky' tetapi bagaimana ia patut diperagakan adalah satu perkara lain (lihat ms 295H–296A).

(2) Walaupun produk akhir defendan bukanlah Scotch Whisky, memandangkan sumber produk defendan-defendan bukan daripada Scotland tetapi Malaysia, adalah tidak menjadi masalah jika defendan-defendan menerangkan pada label-label mereka bahawa produk mereka mengandungi Scotch Whisky selain daripada wiski tempatan. Tetapi bagaimana ia dibuat adalah dibantah. Defendan-defendan memperagakan perkataan-perkataan 'Scotch Whisky' dan 'Imported Scotch Whisky, distilled in Scotland under the British Government supervision' dengan terang sekali dan menonjol apabila dibandingkan dengan cetakan kecil: 'Ramuan: Air, Alkohol, Wiski yang diimport dan karamel'. Sesungguhnya prkataan-perkataan 'distilled in Scotland under the British Government supervision' adalah tidak perlu langsung bagi tujuan mematuhi undang-undang tempatan. Selanjutnya, 'Alkohol' tidak dinyatakan sebagai alkohol tempatan. Adalah jelas bahawa cara ia dibuat bukanlah bagi

tujuan mematuhi undang-undang tempatan, tetapi adalah untuk mengambil kesempatan yang salah ke atasnya bagi menggambarkan produk-produk defendan-defendan sebagai Scotch Whisky dengan niat untuk mengambil kesempatan terhadap nama baik dan reputasi Scotch Whisky (lihat ms 300G–301E).

(3) Melihat kepada label produk-produk defendan-defendan, adalah jelas bahawa defendan-defendan menekankan perkataan-perkataan 'Scotch Whisky' dan perkataan-perkataan 'Imported Scotch Whisky', distilled in Scotland under the British Government sipervision'. Tidak wujud keraguan apa sekalipun bahawa defendan-defendan telah mencuba untuk membuat produk-produk mereka sebagai Scotch Whisky daripada Scotland, di mana ia bukanlah sedemikian. Tidak diragukan juga bahawa defendan-defendan mengetahui tentang nama baik Scotch Whisky dan cuba membuat keuntungan daripadanya. Dalam erti kata lain, defendan-defendan telah menyalahnyatakan produk-produk mereka yang bukan Scotch Whisky sebagai Scotch Whisky dan berkemungkinan menimbulkan kekeliruan pada masyarakat umum untuk mempercayai bahawa produk-produk defendan-defendan adalah sememangnya Scotch Whisky. Ia telah dikira sebagai menipu masyarakat umum (lihat ms 302B–D).

(4) Adalah tidak perlu bagi plaintif untuk membuktikan secara terperinci sejauh mana mereka telah mengalami kerugian jualan secara langsung Scotch Whisky di dalam negara yang disebabkan oleh penjualan produk-produk defendan-defendan di pasaran. Adalah mencukupi jika ditunjukkan bahawa wujud kemungkinan nama baik atau reputasi Scotch Whisky dirosakkan. Di dalam keadaan-keadaan kes ini, adalah berkemungkinan, malah amat berkemungkinan, bahawa masyarakat umum mungkin akan tersalah dalam memikirkan bahawa mereka telah membeli Scotch Whisky yang sebenarnya apabila pada hakikatnya adalah sebaliknya. Jika minuman wiski tempatan yang dihasilkan telah dijual secara meluas sebagai Scotch Whisky dan diketahui oleh masyarakat, maksud Scotch Whisky akan menjadi lemah. Ia mungkin akan menyebabkannya menjadi generik sehingga menjejaskan pengeluar-pengeluar Scotch Whisky yang sebenarnya, seperti plaintif-plaintif kedua. Plaintif-plaintif pertama juga sebagai suatu persatuan yang ditubuhkan untuk melindungi perniagaan Scot Whisky akan kehilangan kebolehpercayaan pada pandangan ahli-ahlinya dan bakal-bakal ahli dan menanggung kerugian pendapatan dalam bentuk yuran daripada ahli-ahlinya (lihat ms 302G–H, 303A–C).]

Notes

For cases on passing off generally, see 12 *Mallal's Digest* (4th Ed, 1996 Reissue) paras 1210–1260.

Cases referred to

Erven Warnink BV & Ors v J Townend & Sons (Hull) Ltd & Ors [1980] RPC 31, [1979] 2 All ER 927 (refd)

Government of Malaysia v Dato' Chong Kok Lim [1973] 2 MLJ 74 (refd)

Hartecon JV Sdn Bhd & v Hartela Contractors Ltd [1996] 2 MLJ 57 (refd)

Henderson & Turnbull Ltd v Adair [1939] Scots Law Times 478 (refd)

Reckitt & Coleman Products Ltd v Borden Inc (1990) RPC 341 (refd)

Satyadhyan Ghosel & Ors v Sint Deorajin Dobi & Anor AIR 1960 SC 941 (refd)

Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd [1994] 2 MLJ 770 (refd)

Spalding (AG) & Bros v AW Gamage Ltd (1918) 32 RPC 273 (refd)

Legislation referred to

Exchange Control Act 1953
Food Act 1983
Food Regulations 1985 rr 11(1), 385(1), (2)
Trade Descriptions Act 1972 ss 4, 36(1)

SF Wong (*PC Kok* with him) (*Shearn Delamore & Co*) for the plaintiffs.

Tan Boon Hee (*MY Tung* with him) (*Tan Ewe & Associates*) for the defendant.

Abdul Hamid Mohamad J: According to the plaintiffs' statement of claim the first plaintiffs are incorporated under the United Kingdom Companies Act 1948 with a registered office in Edinburgh, Scotland. The objects for which they have been established include, inter alia:

(a) protecting and promoting the interests of the Scotch Whisky trade generally both in Scotland and elsewhere.

(b) to produce, defend and enter into legal proceedings in any territory of the world in defence of the interest of Scotch Whisky trade.

To enable them to fulfil their objects, the first plaintiffs accept and register as members individual, companies or firms carrying on business inter alia as distillers, blenders and exporters of Scotch Whisky and each member is obliged to pay annual subscriptions to the first plaintiffs to enable them to fulfil their objects.

The second plaintiffs are members of the first plaintiffs and are a company incorporated under the United Kingdom Companies Act 1948 with a registered office in Edinburgh, Scotland and carry on business inter alia as distillers, blenders and exporters of Scotch Whisky being spirits distilled in Scotland (and no other country) from a mash of cereals which have been, inter alia:

(a) sacchrified by the diastate of malt contained therein;

(b) fermented by the action of yeast; and

(c) distilled at less than 94.8% in such a way that the distillate has an aroma and flavour, derived from the materials used and which have been matured in wooden cosks warehouses in Scotland for a period of at least three years.

The territory of Scotland is outside the scheduled territories as defined in the Exchange Control Act 1953.

The second plaintiffs, formerly through their wholly owned subsidiaries, have distilled and blended Scotch Whisky and have extensively advertise, offered for sale and sold the same under the description 'Scotch Whisky' and other indications of Scottish origin throughout the United Kingdom and in most countries of the world including Malaysia.

By reason of its intrinsic quality, and the sales and promotion, Scotch Whisky has become widely known throughout the world, including Malaysia, and has acquired considerable reputation and goodwill. A person asking for Scotch Whisky in Malaysia, or in other countries of the world, or seeing any spirits described as Scotch Whisky, or described, labelled or advertised so as appear to be Scotch Whisky, would expect that the spirits with which he would be supplied or which were so described, labelled or advertised would be whisky distilled in Scotland and would not include spirit distilled in whole or in part in any country other than Scotland.

The reputation and goodwill in Scotch Whisky in Malaysia is shared by those Scotch Whisky distillers and/or blenders and/or exporters, including the second plaintiffs, who sell their Scotch Whiskies in Malaysia. Those said Scotch Whisky distillers and/or blenders and/or exporters, including the second plaintiffs, are entitled to the exclusive exploitation of the goodwill in Scotch Whisky in Malaysia and have a joint and several right to protect the said goodwill.

The first plaintiffs have both pecuniary and other interests in preventing damage to the goodwill of their members, all of whom are distillers and/or blenders and/or exporters of Scotch Whisky. The first plaintiffs collect subscriptions from their members to enable them to carry out their objects, which include the protection of the interests of the Scotch Whisky trade by means of legal proceedings. One of the principal interests of the Scotch Whisky trade is the goodwill in Scotch Whisky worldwide. If the goodwill in Scotch Whisky in Malaysia is being damaged by unlawful acts, it is the first plaintiffs' duty to take legal proceedings to protect the said goodwill. Furthermore, if such action is not taken and the goodwill in Scotch Whisky is damaged, the members of the first plaintiffs will be less willing and less able to pay subscriptions to the first plaintiffs.

The defendants are a company incorporated and existing under the laws of Malaysia with a registered office at Lot 317, Tingkat Perusahaan 3, Mk 1 Kawasan Perindustrian Perai, Seberang Perai, Butterworth and carry on the business of processors and bottlers of liquor.

The defendants are damaging the trade, goodwill and interests of members of the first plaintiffs including those of the second plaintiffs and are causing them to suffer irreparable loss and damage by selling or offering

to sell in Malaysia spirits which are not Scotch Whisky labelled in such a way as to suggest that they are Scotch Whisky, ie whisky distilled and matured in Scotland.

By reason of the offending activities of the defendants, the defendants have also caused to be passed-off their spirits which are not distilled and matured in Scotland as and for Scotch Whiskies, ie whiskies distilled and matured in Scotland.

The plaintiffs rely on the defendants' following acts of passing-off:

(i) the words 'trade mark'

(ii) the device of a sailing ship

(iii) the device of 12 stars

(iv) the brand 'Seven Seas'

(v) the description 'compounded Scotch Whisky'

(vi) the description 'Imported Scotch Whisky's distilled in Scotland. Under British Government Supervision'.

(vii) The description in small print 'Ingredients: water, alcohol, whicky which is imported and caramel –Manufactured by Ewein Winery (M) Sdn Bhd, Plot 317, Tingkat Perusahaan 3, MK1, Kawasan Perindustrian, 13600 Seberang Perai, Pulau Pinang'.

The plaintiffs contend that the features of get-up and labelling particulars clearly indicate Scottish origin so that use of the same in connection with the sales of the defendants' offending 'whisky' are calculated and intended to lead purchaser into believing and thinking that the defendants' offending 'whisky' is Scotch Whisky whereas in fact it is not Scotch Whisky.

Further or in the alternative, the promotion of the defendants' offending 'Seven Seas' whisky have been conducted in a manner calculated to cause purchasers thereof to believe it to be Scotch Whisky.

The plaintiffs pray for:

(i) An injunction to restrain the defendants whether by their directors, servants or agents or any of them or otherwise howsoever from doing anything calculated or intended to lead to the passing-off in any country including Malaysia as and for Scotch Whisky of a product that consists of or includes spirits that were not whiskies distilled and matured in Scotland by the use in connection therewith of advertising, or marks, or devices or wording or labelling and get-up with visual representations and/or particulars that are evocative of Scotland and/or bearing Scottish connotations.

(ii) An injunction to restrain the defendants whether by their directors, servants or agents or any of them or otherwise howsoever from using the following labelling particulars and get-up that is to say:

(a) (i) the words 'trade mark'

(ii) the device of a sailing ship

(iii) the device of 12 stars

(iv) the brand 'Seven Seas' A

(v) the description 'compounded Scotch Whisky'

(vi) The description 'Imported Scotch Whisky's distilled in Scotland. Under British Government Supervision'.

(vii) The description in small print 'Ingredients: water, alcohol, whisky which is imported and caramel – Manufactured by B Ewein Winery (M) Sdn Bhd Plot 317, Tingkat Perusahaan 3, MK 1, Kawasan Perindustrian Prai, 13600 Seberang Perai, Pulau Pinang.

(b) An enquiry as to damages or at the plaintiffs' option an account of profits and payment of the sum found due thereafter. C

(iii) Delivery up or destruction on oath (at the option of the plaintiffs) of all materials the possession of which would offend against the injunctions herein prayed for.

(iv) An order for full discovery of all relevant documents, invoices, contracts, custom declaration forms, orders and other documents D relating to the importation, manufacture, sales and offer for sales of the defendants' offending Seven Seas whiskies.

(v) Further or other reliefs.

(vi) Costs.

The defendants deny that that either of the plaintiffs or any member of the E first plaintiffs have acquired any reputation and goodwill to the words 'Scotch Whisky'. The defendants further aver that that words 'Scotch Whisky' are merely descriptive of the plaintiffs' products and common to the trade and further say that the word 'Scotch whisky' have become publici juris.

F

The defendants aver that if the second plaintiffs or any member of the first plaintiff have acquired a right to the use of the words 'Scotch Whisky' the reputation and goodwill purportedly acquired by them by the use of the words 'Scotch Whisky' can only be acquired by them if the words 'Scotch Whisky' are used together or in conjunction with the distinguishing marks badges signs or devices or get up of the second plaintiff or members of the G first plaintiffs.

The words signs badges devices used by the defendants constitute the distinguishing get up of the defendants and none of the marks, devices or the get up of the defendants bore any resemblance to the get up of the second plaintiffs which is likely to deceive or calculated to deceive or pass H off the defendants' goods as those of the second plaintiffs or that of the members of the first plaintiffs.

Further and in the alternative the defendants say that if the plaintiffs have acquired goodwill and reputation in the trade by the use of the words 'Scotch Whisky' such reputation and goodwill in scotch whiskies do not belong exclusively to the second plaintiffs and members of the first plaintiffs I only and neither of the plaintiffs are the only persons entitled to the exclusive exploitation of the goodwill in Scotch whiskies in Malaysia.

A The defendants further aver that the defendants have a good title or right to the use of the marks names or words complained of and in particular the defendants say:

(i) The marks names or words whose use is complained of is distinctive of the defendants and not of the plaintiffs;

B (ii) The marks, names or words whose use is complained of is common to the trade, or otherwise not distinctive of either party;

(iii) The defendants have sufficiently distinguished their products from those of the plaintiff;

(iv) There is no likelihood of damage;

C (v) As between the plaintiffs and defendants the right to the goodwill the plaintiffs seek to protect is vested in the defendants, or, in neither or is share between them since the defendants are also a blender and trader of whiskies including whiskies emanating from Scotland;

On 28 September 1990, the defendants filed a summons in chambers D (encl 13) for an order that:

(a) the first plaintiffs, the Scotch Whisky Association, be struck out of the writ of summons and all subsequent proceedings herein;

(b) that paras 1, 2 and 8 of the plaintiffs' statement of claim be struck out under O 18 r 19(1)(a), (b) and (d) of the Rules of the High Court E 1980 ('the RHC 1980').

On 22 December 1990, the defendants filed another summons in chambers, this time to strike out the plaintiffs' statement of claim under paras (a) to (d) of r 19(1) of O 18 of the RHC 1980 and also pursuant to the inherent jurisdiction of the court.

F There were other applications in the meantime. Anyway, on 9 December 1993 I dismissed both applications (encls 13 and 18). I gave a written judgment which was reported in [1994] 3 CLJ 509. The defendants did not appeal against the said judgment.

In his submissions learned counsel for the defendants raises the same G issues again. Very lengthy submissions have been made by both sides on the issue. The question is whether the defendants may raise the same issues again.

In my judgment the defendants should not be allowed to raise the same issues again. I need only refer to the decision of the Court of Appeal in *Hartecon JV Sdn Bhd & v Hartela Contractors Ltd* [1996] 2 MLJ 57 which is H binding on this court. In that case Gopal Sri Ram JCA said at p 66:

> We cannot over emphasize the proposition that once a judge makes a ruling, substantive or procedural, final or interlocutory, it must be adhered to and may not be reopened willy-nilly.

I The learned appellate judge quoted the judgment of Sharma J in *Government of Malaysia v Dato' Chong Kok Lim* [1973] 2 MLJ 74 in which the Indian Supreme Court judgment in *Satyadhyan Ghosel & Ors v Sint Deorajin Dobi & Anor* AIR 1960 SC 941 was referred. I shall only reproduce

one paragraph which is most relevant to the situation in this case and that is at p 76: A

> The principle of res judicata applies also as between two stages in the same litigation to this extent that a court, whether the trial court or a higher court having at an earlier stage decided a matter in one way will not allow the parties to re-agitate the matter again at a subsequent stage of the same proceedings. B

The defendants should not be allowed to raise the issue of locus standi of the plaintiffs in this action again. This court in this same proceedings has decided that the plaintiffs have the locus standi to sue and have a cause of action against the defendants. The defendants did not appeal against the said decision and it remains binding on the parties as well as this court. C

So, at this stage the court should go on to consider the merits of the case.

Before discussing the issues in detail perhaps I should provide a narrative to give an overall picture of the case.

It is common knowledge the Scotch Whisky has been in this country for a long time. It must have come with the British. As more Britishers came and later as locals took to drinking it, demands grew and companies began importing it. Even the second plaintiffs have been importing Scotch Whisky for about 100 years. A number of brands are now well-known, eg White Label, Black Label, Red Label, Old Parr, Vat 69, Dimple, Bells, White Horse, Logan, to name some of them. D E

They are produced in Scotland as set out in the UK Law. A number of steps have to be complied. Of course there may be minor variations, for example, the shape of the still in which whisky is distilled. Such whiskies are Scotch Whisky.

DW3 is the Managing Directors of the defendant company. He said prior to 1987 the company was involved in compounding brandy. Then in 1987 the defendants decided to start producing compounded whisky. That was the first time he ventured into it. F

The person who was entrusted to do the job was DW2. He admitted that he did not know how to blend or compound whisky. So he wrote to The British High Commission 'to get the source of whisky concentrates'. Having obtained the source he made the order to Macnab Distilleries Ltd Scotland. Having obtained Scotch Whisky concentrates for the first time and as he did not know how to blend or compound the whisky, he made a telephone call to one Mr Charles Sharpe (presumably of Macnab Distilleries in Scotland) to ask 'for guidance how to compound' the whisky. He got some advice over the phone. So the defendants began producing the 'Scotch Whisky'.The defendants admit that their product is different from the second plaintiffs' Scotch Whisky. G H

The plaintiffs do not object to the defendants producing their own brands of whisky but object to the labelling as, according to the plaintiffs the labelling gives the impression that the defendants' products are Scotch Whisky produced in Scotland when it is something else produced in Prai, Malaysia. I

A The plaintiffs contend that 'The defendants have misrepresented, ie applied the false trade description 'Scotch whisky' to their locally produced whisky and by such misrepresentation the defendants have eroded the distintiveness of the description 'Scotch Whisky' (a class of whisky which can only be produced in Scotland under a regulated stringent process) which commands invaluable reputation and goodwill, which have damaged B and are likely to cause damage to established Scotch Whisky traders, including the second plaintiffs who own the said invaluable reputation and goodwill'.

The plaintiffs' case is premised on the law of passing off in its extended form. The leading case on this subject is *Erven Warnink BV & Ors v* C *J Townend & Sons (Hull) Ltd & Ors* [1980] RPC 31; [1979] 2 All ER 927 (HL). Interestingly, the facts of that case appear to be quite similar to the present case. It is a very lengthy judgment. However I find the head note provided by the RPC very clear, precise and accurate and will just reproduce it:

D The plaintiffs had been selling a drink called Advocaat in the UK since 1911. In 1976, their sales accounted for 75 per cent of the total market. Prior to 1974 practically all Advocaat sold in the UK was made in Holland and consisted of eggs, spirit and sugar but no wine. The spirit was called brandewijn, a Dutch spirit based on grain or molasses. The judge found as a fact that a substantial reputation and goodwill had been acquired by the name Advocaat as that of a drink with recognisable qualities of appearance, taste, E strength and satisfaction. In 1974, the defendant began to manufacture and sell a drink which they called 'Old English Advocaat'. Is was made out of eggs and a fortified Cyprus wine and proved to be a commercial success. The plaintiffs were worried about their business. They complained about the defendants' use of the name Advocaat. They contended that Advocaat could not properly be so called unless its alcoholic content consisted of spirit, and F they claimed an injunction to restrain the defendants selling, under the name Advocaat, a drink which was not in fact Advocaat. They alleged passing off and unfair trading. However, they did not prove that any purchaser of the defendants' product supposed it to be the plaintiffs' product or to be Dutch Advocaat of any make. Goulding J granted the injunction and held that there was no doubt that members of the public believed, and had been deliberately G induced to believe, that in buying Old English Advocaat, they were in fact buying Advocaat, that is a drink of the type sold by the plaintiffs.

On the defendants' appeal, the Court of Appeal discharged the injunction, holding that the trade name of a product can only protected by a passing off action if it is distinctive of the goods of one particular producer, or a number of identified producers of whom the plaintiff is one, if for some H reason the products of that class of producers have a character and reputation peculiar to their products: that the name 'Advocaat' was a generic and publici juris description of a type of drink which anyone was free to make and that as such anyone was free to use the name; and that accordingly there was no proprietary right in the name. The plaintiffs appealed.

Held, allowing the appeal: (i) that what was protected in a passing off I action was a proprietary right, that is a right of property in a business or goodwill likely to be injured by a misrepresentation. (p 102)

(ii) that the characteristics for a valid cause of action in passing off were:

(A) per Lord Diplock (p 93)

(1) a misrepresentation (2) made by a trade in the course of his trade (3) to prospective customers of his or ultimate consumers of goods or services supplied by him (4) which is calculated to injure the business or goodwill of another trader (in the sense that it is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timent action) will probably do so.

(B) Per Lord Fraser of Tullybelton (p 105)

That a plaintiff must show: (1) that his business consists of, or includes, selling in England a class of goods to which the particular trade name applies; (2) that the class of goods is clearly defined and that in the mind of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods; (3) that because of the reputation of the goods, there is goodwill attached to the name; (4) that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value; (5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendant selling goods which are falsely described by the trade name to which the goodwill is attached.

(iii) that the principle established in the *Champagne* case was correct, viz, that a person competing in trade may not attach to his product a name or description with which it has no natural association, so as to make use of the reputation and goodwill which has been gained by a product genuinely indicated by the name or description and that it does not matter whether the persons truly entitled to describe their goods by the name and description are a class producing the goods and not merely one individual. (p 95)

(iv) that it cannot make any difference in principle whether the recognisable and distinctive qualities by which the reputation of the type of product has been gained are the result of its having been made in, or from the ingredients produced in, a particular locality or are the result of having been made from particular ingredients regardless of their provenance. (p 98)

(v) that the class of traders who have the right to describe their products as Advocaat and for whom the right forms a valuable part of their goodwill are those who have supplied and are supplying the English market with an egg and spirit drink in broad conformity with an identifiable recipe and, as in the *Champagne* case, that class was definite and ascertainable. (p 98)

(vi) that the essential characteristics for a valid cause of action in passing off were present and that there was no exceptional feature present which might justify, on grounds of public policy, withholding from a person who has suffered injury in consequence of the deception practised on prospective customers or consumers of his product a remedy in law against the deceiver. (pp 98-99)

This case has been cited with approval by Gunn Chit Tuan, CJ (Malaya) in the majority judgment in *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770 (SC). In fact the passages from the judgment of Lord Diplock and Lord Frazer which appear in the headnote were also quoted by his lordship.

A The learned Chief Justice (Malaya) at p 782 went on to say:

> whether a representation, express or implied, is a misrepresentation is a question of fact ... .

In deciding this case, I prefer to adopt the five tests formulated by Lord Diplock.

B

Is there misrepresentation?

I shall discuss this issue under the following heads:

(a) What is Scotch Whisky?

C (b) Is there goodwill or reputation attached to Scotch Whisky?

(c) Do plaintiffs have proprietory rights over the goodwill or reputation of Scotch Whisky?

(d) Are the defendants' products Scotch Whisky?

(e) Are the defendants entitled to call their products Scotch Whisky?

D (f) Do the defendants, in fact, misrepresent that their products as 'Scotch Whisky'?

What is Scotch Whisky?

E PW6 in the course of his evidence produced publications besides The Scotch Whisky Act 1988 and Scotch Whisky Order 1990 which define 'Scotch Whisky'. He went on to say:

> Scotch Whisky is defined in many countries in the world, eg USA, Canada, Australia, EU and Singapore. Scotch Whisky is also a geographical designation which expect protection from signatories of Paris Convention and
> F Gott Trip Agreement. In countries where there is no legislation Scotch Whisky is protected by courts through laws of passing off and unfair competition.

For our purpose I think it is sufficient for me to reproduce the definition of Scotch Whisky from the Scotch Whisky Order 1990 (UK).

G 3 For the purpose of the Act 'Scotch Whisky' means whisky —

(a) which has been produced at a distillery in Scotland from water and malted barley (to which only whole grains of other cereals may be added) all of which have been–

(i) processed at that distillery into a mash;

H (ii) converted to a fermentable substrate only by endogenous enzyme systems;

(iii) fermented only by the addition of yeast;

(b) which has been distilled at an alcoholic strength by volume of less than 94.8 per cent so that the distillate has an aroma and taste derived from the raw materials used in, and the method of, its
I production;

(c) which has been matured in an excise warehouse in Scotland in oak casks of a capacity not exceeding 700 liters, the period of that maturation being not less than 3 years;

(d) which retains the colour, aroma and taste derived from the raw materials used in, and the method of, its production and maturation: and

(e) to which no substance other than water and spirit caramel has been added.

In a publication called 'Scotch Whisky — Questions And Answers' published by the first plaintiffs (P24), para 7 says:

> The terms Scotch and Irish when applied to whisky are purely geographical, Scotch whisky means whisky distilled and matured in Scotland and Irish Whiskey means whiskey distilled and matured in Ireland. Whisky is distilled in Scotland from malted barley in Pot Stills and from malted and unmalted barley or other cereals in Patent Stills. The well known brands of Scotch Whisky are blends of a number of Pot Still and Patent Still whiskies. Irish whiskey distillers tend to favour three distillations rather than two as is general in Scotland in the case of Pot Still whiskies and the range of cereals used is wider.

Nearer home, more than fifty years ago, in 1947, the High Court of Singapore had occasion to decide an appeal involving 'Scotch Whisky'. Of course it is a criminal case. However, it is interesting to note that, referring to the case *Henderson & Turnbull Ltd v Adair* [1939] Scots Law Times 478, Brown J said:

> That case is authority for saying that Scotch whisky means whisky which is produced in Scotland, and that a person who describes as 'Scotch' a whisky which in the main is produced out of Scotland is falsely describing that whisky. Nobody can doubt, in the light of that authority, that if there had been any evidence in the present case that the whisky had not been produced in Scotland the prosecution case must fail.....

Surely Brown J and the Scottish judge who decided the two cases mentioned above knew what they were talking about!

I see no reason why I should not accept the definition of Scotch Whisky given above.

Is there goodwill and reputation attached to 'Scotch Whisky'?

The answer is too obvious. I do not think it is necessary to reproduce evidence to that effect. Even a non-whisky drinker knows it. Indeed the defendants would not have bothered to have the words 'compounded Scotch Whisky' and 'Imported Scotch Whisky Distilled in Scotland Under British Government Supervision', if they did not expect to gain anything from it — moneywise, that is. They might as well call it 'Prai Whisky'.

Do the plaintiffs have the proprietory right over the goodwill and reputation of 'Scotch Whisky'?

This issue has been decided in favour of plaintiffs in the two interlocutory applications by the defendants against which the defendants did not appeal.

Are the defendant' products 'Scotch Whisky'?

In respect of 'Professor' (P4B), DW2, the defendants' main witness said that 'it was produced from distilled water, whisky from Scotland and caramel ... Local alcohol was not added to this. It is strictly imported Scotch Whisky. The strength of whisky concentrate is above 62%. That has been diluted with distilled water to about 40%. The 40% is in compliance with Food Act which says 'not less than 37%'.

Regarding 'Seven Seas' (P54), DW2 said that local alcohol was added.

Regarding (P4A) (P4H) and P52, the witness said: 'We used local alcohol and called it 'compounded'.'

Asked what was local alcohol he replied: ' Local alcohol is spirit.'

Asked: 'Is your alcohol made from cereal?', he replied: 'I don't know. We bought it.'

The witness was further asked: 'If a product is made from Scotch Whiskies and a Malaysian alcohol, is it a different product? He replied: 'To me it is still alcohol'. Asked 'The result is a different product?' He answered 'Yes'.

This witness was rather evasive. However he did admit that the defendants at least in respect of P4A, P4H and P52 did add local alcohol to the Scotch Whisky concentrate they imported from Scotland. He also finally admitted that the product, because of the addition of local alcohol was a different product from Scotch Whisky.

PW6 (Mr Glen Barcley) in his evidence said:

> Association has guidelines for export of Scotch Whisky in bulk. Members do export in bulk to Malaysia. We have *locally bottled* Scotch Whisky, eg Highland Queen, also Mcqregor, Highlander Black Jack, Jackson. I believe they are bottled by third parties. They may carry label of third party. Third party may do it independently. It can carry the name of Scotch Whisky (so long as it is not adulterated).

The witness went on to say:

> The only thing that may be added is water to dilute it and if necessary caramel to adjust the colour. Those are the only substances which may be added to Scotch Whisky under the statutory definition of Scotch whisky in UK.

I accept this witness's (PW6's) evidence.

It is clear to me that at least P4A, P4H and P52 are not Scotch Whisky as local alcohol has been added.

Are the defendants entitled to call their products 'Scotch Whisky'?

In respect of P4A, P4H and P52 I have no doubt that the products not being 'Scotch Whisky' because they contain local alcohol, they should not be called 'Scotch Whisky'. (This applies to any other product, if any, other than P4A, P4H and P52 in which local alcohol or ingredients other than distilled water and caramel are added. Whether the words 'Scotch Whisky' may appear on the label or not or in what form will be discussed later.

Regarding other products, eg P4B (Professor) where only distilled water and caramel are added, I am of the view that the defendants may use the words 'Scotch Whisky' but how it should be displayed is another matter.

Did the defendant misrepresent their product as 'Scotch Whisky'

Law

Whether or not there is misrepresentation is a question of fact. In *Spalding (AG) & Bros v AW Gamage Ltd* (1918) 32 RPC 273 (HL), Lord Parker of Waddington said at p 284:

> My lords, the basis of a passing off action being a false representation by the defendant, it must be proved in each case as a fact that the false representation was made. It may, of course, have been made in express words, but cases of express misrepresentation of this sort are rare. The more common case is, where the representation is implied in the use or imitation of a mark, trade name, or get-up with which the goods of another are associated in the minds of the public, or of a particular class of the public. In such cases the point to be decided is whether, having regard to all the circumstances of the case, the use by the defendant in connection with the goods of the mark, name or get-up in question impliedly represents such goods to be the goods of the plaintiff, or the goods of the plaintiff of a particular class or quality, or, as it is sometimes put, whether the defendant's use of such mark, name, or get-up is calculated to deceive.

In *Reckitt & Coleman Products Ltd v Borden Inc* [1990] RPC 341 (HL). Lord Oliver said at p 406:

> Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or is likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiffs' identity as manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff ...'.

The question here is whether the defendant is misrepresenting their product which is not Scotch Whisky as Scotch Whisky. We should now look at the labels, literally. The same words appearing on the labels when reproduced in this judgment do not convey the same effect. Unfortunately, in this judgment I can only reproduce the words. (I also append photographs of the labels as Appendices). That is the best I can do.

In P4A, the label reads:

Seven Seas

COMPOUNDED

SCOTCH WHISKY

Imported Scotch Whisky's Distilled in Scotland

UNDER BRITISH GOVERNMENT SUPERVISION

750ml 40%V/V

A Ramuan: Air Alkohol, Wiski yang diimpot dan karamel

Keluaran:

EWEIN WINERY (M) SDN BHD
Plot 317, Tingkat Perusahaan 3, MK 1
Kawasan Perindustrian Perai,
B 13600 Seberang Perai, Pulau Pinang.

In P4H, the label reads:

Seven Seas
COMPOUNDED
OLD WHISKY

C IMPORTED SCOTCH WHISKY DISTILLED IN SCOTLAND

UNDER BRITISH GOVERNMENT SUPERVISION

750ml 40%V/V

D Ramuan: Air, Alkohol, Wiski yang diimpot dan karamel

Keluaran:

EWEIN WINERY (M) SDN BHD
Plot 317, Tingkat Perusahaan 3, Mk 1
Kawasan Perindustrian Prai
13600 Seberang Perai, Pulau Pinang.

E In P4B, the label reads:

PROFESSOR

Scotch Whisky

F Imported Scotch Whisky
Distilled in Scotland
Under British Government Supervision

SCOTLAND

Diimpot dan dibotol oleh:

G EWEIN WINERY (M) Sdn Bhd
Plot 317, Tingkat Perusahaan 3,
750ml Mk 1, Kawasan Perindustrian Prai, 40%V/V
13600 Seberang Perai, Pulau Pinang

Ramuan: Air, Wiski yang diimpot dan karamel.

H The label in P11 is the same as in P4A.

The label in P13 is the same as in P4A except that for the amount of the content of the bottle which is 350ml instead of 750ml.

The plaintiffs' case is that as the product is not Scotch Whisky it should not be passed as Scotch Whisky. It does not matter whether the product I contains Scotch Whisky or not. Further, the plaintiff does not say that the words 'Scotch Whisky' should not appear on the label at all, but what is objectionable is the way the words appear on the labels which suggests that

the product is Scotch Whisky when it is not. PW6 in his evidence says:

> I am not suggesting that the words 'Scotch Whisky should not appear in the labelling. If a locally produced product contain some Scotch Whisky it is proper that the label be able to indicate that fact, but it should also indicate that the product also contain other alcohol. Now should the way Scotch Whisky is referred to suggest that the whole product is Scotch Whisky.

If for example the label says 40% Scotch Whisky and 60% Malaysian Alcohol, it is proper.

As an example he has no objection to the label on a bottle of Red Seas which is in the following words:

Red Seas

COMPOUNDED

OLD WHISKY

PRODUCED FROM IMPORTED WHISKY CONCENTRATES AND HIGH QUALITY MALAYSIA POTABLE ALCOHOL.

140ml PREMIUM QUALITY 30% 1/1

Produced and bottled in Malaysia by:

EWEIN WINERY (M) SDN BHD
Plot 317, Tingkat Perusahaan 3, Mk 1, Kawasan Perindustrian Prai,
13600 Seberang Perai, Pulau Pinang, Malaysia.

Ramuan: Air, Alkohol, Wiski yang diimpot dan karamel.

Looking at the label of P4A, P4B, P4H, P11 and P13, it is clear that the defendants were emphasizing the words 'Scotch Whisky' and the words, 'Imported Scotch whisky, distilled in Scotland under British Government supervision'. There is no doubt whatsoever that the defendants are trying to pass their product as Scotch Whisky from Scotland, which they are not. I also have no doubt that the defendant know of the goodwill of Scotch Whisky and try to cash on it. In other words the defendants misrepresent their product which is not Scotch Whisky as Scotch Whisky and it is likely to lead the public to believe that the defendants' products are indeed Scotch Whisky. It was calculated to deceive the public.

I must say here that I do not place much importance or weight to the evidence of PW4, PW5 and PW8. They are witnesses 'procured' by one Ram Singh from a Bar, it appears. I wonder whether they were under the impression that they had to prove that they were alcoholics. If that was what it was though, no doubt they have succeeded. Perhaps, the words of PW4, a 47 years old labourer sums it all:

> So long as it is whisky, I am happy. If it comes from Scotland, I am happier.

But, there is no doubt that they know of the reputation of Scotch Whisky and that to them Scotch Whisky means whisky from Scotland.

As if not to be out-done, the defendant too brought a drinker who had been drinking since he was 14 or 15 years old! He said he can tell the difference between the 'original' and 'local' whisky. Shown P90 and P4A he

said: 'P4A is 7 Seas. P90 is the imported staff. There is a vast price difference. I know they are different.'

Shown the word 'compounded' on P4A he said 'It means they do the mixing here'.

Under cross-examination, he was shown P4B. He said that was 'locally mixed' because 'it is written 'diimpot dan dibotol'. It is not brewed here.

He went on to say: 'If product has a description 'Scotch Whisky' it comes from Scotland.

On the meaning of the word 'Imported', he said: 'that means they bring it and rebottle here with their mixture'.

As in the case of PW4, PW5 and PW8, the evidence of this witness too does not merit serious consideration. The labels speak clearer and are more reliable than their words.

The defendants say that they are merely complying with the requirements of the local laws, namely the Trade Descriptions Act 1972 and the Food Act 1983 and the Food Regulations 1985.

The relevant provisions of the laws are reproduced here:

Food Regulations 1985

Reg 11(1) Every package containing food for sale shall, unless otherwise provided in these Regulations, bear on it a label containing the following particulars, namely,

(a) the appropriate designation of the food or a description of the food containing the common name of its principal ingredients.

(b) In the case of mixed or blended food, words which indicate that the contents are mixed or blended, as the case may be, and such work shall be conjoined with the appropriate designation of the food, in the following form:

'mixed' (here insert the appropriate designation of the food); or 'blended' (here insert the appropriate designation of the food):

Provided that ...

(j) in the case of food locally manufactured or packed, the name and business of the manufacturer or packer, or the owner of the rights of manufacture or packing or the agent of any of them; and in the case of imported food, the name and business address of the manufacturer or packer or the owner of the rights of manufacture, or the agent of any of them, and the name and business address of the importer in Malaysia and the name of the country of origin of the food.

Reg 385 (1) The word or words 'brandy', 'fruit brandy', 'rum', 'samsu', 'whisky', 'vodka', and 'gin' shall not be conjoined with any other word except those words which denote the source of the product, place of manufacture of brand

(2) ...

Trade Description Act 1972

Section 4 — Trade Descriptions

(1) a trade description is an indication, direct or indirect, and by whatever means given, of any of the following matters with respect to any goods or parts of goods, that is to say — A

...

(c) composition;

... B

(j) person by whom manufactured, produced, processed or reconditioned;

(k) other history including previous ownership or use.

Learned counsel for the defendants submit that in the case of whisky, Reg 385(1) will apply and it stipulates that no word or words shall be conjoined with whisky except those words which denotes the source of the product and place of manufacture or brand. Since the whisky of the defendants come from Scotland, the defendants' use of the word 'Scotch' before the word 'Whisky' is permissible under reg 385(1). C

On the other hand, learned counsel for the plaintiffs submit that by misdescribing its products as 'Scotch Whisky' and 'Imported Scotch Whisky distilled in Scotland Under British Government Supervision' the defendant have failed to comply with the provisions of reg 11(1)(a) which provides: D

> ... the appropriate designation of the food or a description of the food containing the common name of its principal ingredients. E

He then referred to the provision of reg 385(1) which states, inter alia:

> The word or words ... 'whisky' ... shall not be conjoined with any other word except those words which denote the source of the product, place of manufacture or brand. F

He submits that the term 'source of the product' means the same thing as the 'country of origin' of the product. For the definition of 'country of origin', he refers to s 36(1) of the Trade Description Act 1972 which provides:

> For the purposes of this Act goods shall be deemed to have been manufactured or produced in the country which they last underwent a treatment or process resulting in a substantial change. G

He further submits that as the defendants' product is not 'Scotch Whisky' but as admitted by the defendants, a different product which contains substantial addition of local Malaysian alcohol and produced in Seberang Perai, Malaysia, the 'source of product' of the defendants' whisky is Malaysia, not Scotland. And, that is what reg 385(1) requires the defendant to state: Penang or Malaysia, but not 'Scotch' or 'Scotland'. H

I agree with the submission of learned counsel for the plaintiffs on this point.

However, as said by PW6, he was not suggesting that, the word 'Scotch Whisky' should not appear at all in the labelling. If a locally produced product contains some Scotch Whisky, it is proper that the label be able to I

indicate that fact, but it should also indicate that the product also contains other alcohol.

I am of the view that even though the final product of the defendant are not Scotch Whisky, as the 'source of the product' of the defendants is not Scotland but Malaysia, as the defendants' product contain 'Scotch Whisky', it is not objectionable if the defendants were to state on their labels that their product contain Scotch Whisky besides local whisky. But it was the way it is done that is objectionable. What does the defendants do? They display the words 'Scotch Whisky' and 'Imported Scotch Whisky distilled in Scotland Under British Government Supervision' so boldly and prominently compared to the tiny print of:

> Ramuan: Air, Alkohol, Wiski yang diimpot dan karamel.
>
> Keluaran:
>
> EWEIN WINERY (M) SDN BHD
> Plot 317, Tingkat Perusahaan 3, MK 1
> Kawasan Perindustrian Prai
> 13600 Seberang Prai
> Pulau Pinang.

Indeed, the words 'Distilled in Scotland Under British Government Supervision' is completely unnecessary for the purpose of complying with the local laws. 'Alkohol' is not stated to be local alcohol. It is very clear that the way it is done is not for the purpose of complying with the local law, but to wrongly take advantage of it to portray the defendants' product as Scotch Whisky in order to take advantage of Scotch Whisky's goodwill and reputation.

The defence that the defendants are merely complying with the requirements of local laws is no defence at all.

Both sides make lengthy submissions alleging each other of committing criminal offences under local laws. I shall not go into that. This civil suit is not forum for that.

Is the misrepresentation made in the course of the defendants' trade?

There is no dispute about it. The answer is: Yes.

Is the misrepresentation made to prospective customers or ultimate consumers?

Again the answer is clear and in the affirmative. No further discussion is required.

Is it calculated to injure the business or goodwill of the plaintiffs?

On this issue, much of my earlier discussions under the topic 'Is there misrepresentation?' is also relevant.

The defendants are a new-comer in whisky business.

They do not even seem to know how to make whisky. DW3, the Managing Director of the defendant readily admitted that in 1987 he first

ventured into the whisky business. DW2, the person assigned to produce it admitted that he 'did not know how to blend or compound' whisky. So, he wrote to the British High Commissioner to get the source of whisky concentrates. Having obtained the concentrates from Magnab he did not know how to blend or compound it. So he made telephone calls to Macnab in Scotland to get some advice how to compound it. And the defendants started producing their whisky.

I have no doubt whatsoever that the defendants knew the goodwill and or reputation of Scotch whisky in this country even though DW3 said under cross-examination 'Scotch Whisky is not very well known in Malaysia'. That statement show how low he was prepared to stoop to make money. On the other hand, nobody would know of their product, or would be attracted by it. So, they tried to pass off their product as 'Scotch Whisky', hoping to cash in on Scotch Whisky's goodwill and reputation in this country. In the circumstance I do not think that this court can draw any other conclusion other than that what the defendants did was calculated to injure the business and goodwill of the plaintiffs, hoping that some drinkers looking for 'Scotch Whisky' would buy their (defendants') products.

Whether the misrepresentation causes actual damage to the business or goodwill of the plaintiffs or will probably do so?

Buckley LJ in *HP Bulmer Ltd & Showerings Ltd v J Bollinger SA & Champagne Lanson Pere et Fils* [1976] RPC 79 at p 95 (CA) said:

> It is well settled that a plaintiff in a passing off action does not have to prove that he has actually suffered damage by loss of business or in any other way. A probability of damage is enough, but the actual or probable damage must be damage to him in his trade or business, that is to say, damage to his goodwill in respect of that trade or business.

In *Seet Chuan Seng v Tee Yik Jia Foods Manufacturing Ptd Ltd* [1994] 2 MLJ 770 (SC) Gunn Chit Tuan, Chief Justice (Malaya) said at p 782:

> In an action for passing off, damage is also an essential element of the tort and it is necessary for the plaintiff to establish that he has suffered damage. However, if the goods in question, as in this case, are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of the exclusive use of his name.

Of course the plaintiffs are unable to say precisely how much they have suffered in terms of loss of direct sale of Scotch Whisky in the country as a result of the defendants' product being sold in the market. However that is not necessary for the plaintiff to prove. It is sufficient if it is shown that there is a probability of damage to the goodwill or reputation of Scotch Whisky.

There is evidence that the defendants' whisky was being sold together with the real Scotch Whisky. Though generally, the price of real Scotch Whisky are much higher than the defendants' whisky, the price of the cheaper Scotch Whisky is about the same as the more expensive local whisky. It is reasonable to expect the general public who see for the words 'Scotch Whisky' not read the small prints.

In the circumstances, I am of the view that it is probable, indeed likely, that the general public might be mistaken into thinking that they are buying real Scotch Whisky when in fact they are not. A consumer buying the defendants' product thinking that it is genuine Scotch whisky and dislike it might not buy Scotch Whisky, at least for fear that he will not get the genuine Scotch Whisky. If locally produced whiskies are widely sold as Scotch Whisky and it becomes known to the public, the meaning of Scotch Whisky will be diluted. It might eventually become generic to the detriment of real Scotch Whisky producers, like the second plaintiffs. The first plaintiffs too as an association formed to protect the Scotch Whisky trade will lose credibility in the eyes of its members and would-be members and suffer loss of income in the form of subscription from its members.

In the circumstances, I am of the view that the plaintiffs have proved probable damage to them.

In conclusion, I am of the view that the plaintiff have proved their case against the defendants.

I shall now consider the remedies prayed for.

In the circumstances this case I have no doubt that injunction is a proper remedy. I therefore grant an injunction as prayed in prayer (i) the statement of claim.

Regarding prayer (ii), I also think it is proper for the court to grant an injunction as proposed by the plaintiffs in its amended form as follows:

Regarding damages, I order that the defendants render to the plaintiffs their accounts of profits in respect of the sale of the impugned products within three months.

I also award costs to the plaintiffs, which shall be assessed by the senior assistant registrar. However as a guide, perhaps I should say something for I fear that the senior assistant registrar, not knowing the full facts and issues of the case, might be misled by the thickness of the file, the length of the submissions (much of which is repetitive) and the number of authorities submitted and award an astronomical figure. I, for one, do not think that the court should be turned into a five-star hotel. In particular, I am of the view that no costs should be given to the plaintiff for the preparation and filing of the non-agreed bundles which were not produced nor marked as exhibits during the trial including the reports of cases instituted by the plaintiffs in other jurisdictions contained in the non-agreed bundles.

Application allowed.

Reported by Jafisah Jaafar